

December 20, 2002

Honorable Marlene H. Dortch, Secretary
Federal Communications Commission
445 12th Street, SW - Portals II, TW-A325
Washington, DC 20554

Re: Docket No. 96-45

Dear Secretary:

On December 18, 2002, we filed with the Commission the Comments of the Maine Public Utilities Commission in the above docket with regard to the Recommended Decision of the Federal-State Joint Board on Universal Service Regarding the Non-Rural High Cost Support Mechanism.

The next to the last paragraph on page 20 needs to be modified because we, in fact, considered wire centers with more than 20,000 lines, and not 25,000 lines as shown in our initial filing, to be urban for the purpose of our analysis. The paragraph should read as follows:

"The average cost for all wire centers in the data set is \$21.92. We excluded all wire centers of less than 20,000 lines, and then recalculated the average cost of the remaining wire centers. The average weighted cost for urban subset is \$18.56."

Attached to this letter is a new page 20 which should be substituted for the one filed on December 18, 2002.

Should you have additional questions, you may contact Joel B. Shifman, the primary staff person in this docket, at (207) 287-1381.

Sincerely,

Joel B. Shifman
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JBS/lip
Enclosure

rural areas. The forward-looking cost of providing service in Washington D.C., according to the cost model, is \$16.03.¹

Maine and the Rural State Commissions considered including some other study areas, but even some other obvious other candidates failed to qualify. For example, Rochester Telephone serves extensive rural areas south of the city of Rochester, almost to the Pennsylvania Border. Likewise, Cincinnati Bell includes some rural areas in Kentucky. Including these study areas in the sample would bias the estimate upwards by including costs of rural areas in the “urban” estimate. However, using Washington, D.C. as an urban proxy may understate urban cost because the District is the most urban part of the urban metropolitan area.

2. Wire Center Size -- \$18.56

Another way to identify urban wire centers would be to select only those wire centers that serve large numbers of customers. This procedure is valid because in most suburban and rural areas the rapidly increasing length of longer loops makes the use of large switches uneconomic. For rural areas, the most economical method of providing service is with smaller switches and shorter loops. We considered that wire centers with more than 20,000 lines are “urban.” There are 2,222 such wire centers meeting this criterion, amounting to 20 percent of the 11,118 non-rural carrier’s wire centers.

The average cost for all wire centers in the data set is \$21.92. We excluded all wire centers of less than 20,000 lines, and then recalculated the average cost of the remaining wire centers. The average weighted cost for urban subset is \$18.56.

This is probably a high estimate of urban cost. Our wire center subset likely includes some suburban wire centers that have a large area and long loop sizes. It also

¹ USAC Quarterly report for 2002 Q4 table HC12.
Comments of Maine Public Utilities Commission
CC Docket 96-45